

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BCB2044 – COMPENSATION AND BENEFITS

(All sections / Groups)

2 MARCH 2019
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **THREE (3)** pages with **FOUR (4)** Questions only.
2. **ANSWER ALL** questions. All questions carry equal marks.
3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL QUESTIONS

Each question carries 25 marks.

Perodua upgrades employee wages, benefits by 10%

KUALA LUMPUR: Perodua and its workers' unions have signed a collective agreement for the former to increase the wages, allowances and benefits for its non-executive staff by 10%. In a statement today, Perodua said the agreement was signed to help cope with the higher cost of living and recognise their contribution to the company. The agreement is effective from 2014 to 2016 and will be reviewed by both parties upon its expiry.

President and chief executive officer Datuk Aminar Rashid Salleh said of the 10% increase, at least 5% is in respect of a wage increase, and the remaining increment being for various allowances and benefits. Perodua has at present about 9,000 staff under its employment nationwide. Of the 9,000, about 6,700 are non-executive staff.

Earlier in the year, Perodua also distributed shopping vouchers ranging from RM1, RM200 and RM1,500 to all its employees as a one-off project with the aim of assisting staff with school going children to buy much needed supplies. "It is our hope that our staff will use these assistances wisely and effectively throughout the year," Aminar said.

He added that Perodua was also building a masjid and a child day care centre for the convenience of its staff and their children as well as part of the compact car company's staff retention programme.

"We believe that excellence begins at home and by working with our people to create the best environment, we are fostering the best in everything we do," Aminar said.

Source: <https://www.thestar.com.my/business/business-news/2014/06/19/perodua-upgrades-workers-wages-and-benefits-by-10-pct/#Vtd0SiBP6iJapYml.99>

QUESTION 1

(a) Based on the above, identify and discuss the forms of total compensation and relational returns Perodua offers to its employees. (15 marks)

(b) Propose **TWO (2)** 'returns' you would change or add to increase the employees' retention at Perodua? Explain your answer. (10 marks)

(Total: 25 marks)

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QUESTION 2

- (a) Using Equity Theory as a guide, discuss how Perodua's employees may judge the fairness of their pay? (15 marks)
- (b) Pay level of an organization affects the organization's ability to attract and retain a qualified work force. Identify and explain **TWO (2)** factors that will influence Perodua's decisions on pay level and pay mix? (10 marks)

(Total: 25 marks)**QUESTION 3**

After the signing of the collective agreement, several production engineers feedback that their salary was also at below market rate. A new market survey was done for executives' position and it was reported that several key jobs at Perodua was at below the market rate.

As the Human Resource Director, develop a revised salary structure for the position of production engineer and accountant based on the data provided below.

The CEO had informed you that the new salary structure must take into consideration the following criteria;

- i. The CEO decided to set a market lead policy where executive employees must be **at 10% above market rate**.
- ii. He decided to use **"Single-Step"** Approach.

Table 1: Job Market Survey Data, 2018

Position	Grade	Market Average
Production Engineer	A1	3500
	B1	4000
Accountant	A1	2500
	B1	2800

- (a) Based on the above information in Table 1, prepare the revised salary structure using the following table as a guideline. Round up your answer. (12 marks)

Position	Grade	Market Average	Minimum	New Midpoint	Maximum

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- (b) The CEO, wants to find out if Perodua is compensating their engineers fairly and in accordance with the market rate.

Table 2: Production Engineer

Position	Grade	Name of worker	Salary
Production Engineer	AI	Shadiq Abdul	4200
	AI	Mona Lisa	3400
	BI	Ahmad Fendi	4200

Based on Table 2, determine the Compa – Ratio for the above production engineers using the new midpoint. Round up your answer.

(6 marks)

- (c) Based on your answer in question 3(b), analyse the salary structure of production engineers at Perodua. Include in your answer a discussion of whether the employees are overpaid, underpaid or paid according to market rate.

(7 marks)

(Total: 25 marks)

QUESTION 4

- (a) The sales staff at Perodua spans the all-important boundary between the organization and the potential car buyers. While designing the sales compensation plan, identify and discuss **THREE (3)** major factors that influence the design of sales compensation plan Perodua should consider.

(15 marks)

- (b) Employee preferences for various benefit options are determined by individual needs. The benefits perceived to best satisfy individual needs are the most highly desired.

Discuss **TWO (2)** employee factors Perodua will need to take into consideration when designing the benefits package for Perodua.

(10 marks)

(Total: 25 marks)

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